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## **STOCK EXCHANGE ANNOUNCEMENT**

25 July 2014

### **Chorus amends committed bank facilities and dividend update**

Chorus has today agreed amendments to its committed bank facilities, providing significant additional financial flexibility and funding certainty.

Chorus CFO Andrew Carroll said Chorus appreciated the banks' ongoing support as Chorus reshapes its business – operationally and financially – following the Commerce Commission's initial pricing principle decision of November 2013.

Under the agreements, the banks have agreed to:

- increase Chorus' covenant levels from 3.75 to 4.25 times net debt to EBITDA at pricing levels consistent with the Commerce Commission's initial pricing principle decisions, with covenant levels stepping down to 3.75 times net debt to EBITDA if the Commerce Commission's final pricing principle prices are consistent with current regulated pricing;
- extend the maturity of Chorus' November 2015 facility to 31 July 2016; and
- waive rights potentially available to the banks associated with the material reduction in regulated pricing to take effect on 1 December 2014.

As part of its capital management update in February 2014, Chorus indicated that a future dividend policy would be communicated when financially sustainable and there was sufficient certainty of outcomes from the Chorus initiatives, Crown Fibre Holdings discussions and regulatory reviews. As part of these amendments, Chorus has agreed that no dividends will be paid until the later of the conclusion of the Commerce Commission's final pricing principle review processes or 30 June 2015.

Chorus has also agreed to limit total drawings across all committed bank facilities to \$1.2 billion until outcomes from the Commission's final pricing principle processes are known and also reduce its July 2016 facility by \$100m to \$575m, which is expected to provide Chorus with sufficient operating liquidity. Chorus will pay amendment fees consistent with normal market practice but there is no change in borrowing margins or other fees. "The changes we have agreed with the banks reflect Chorus' focus on achieving financial stability, particularly with the Commerce Commission's pricing review processes now scheduled to continue through to April next year.

“We also have an extensive range of operating cost, capital expenditure and revenue initiatives in train to help address this ongoing period of pricing uncertainty,” he said. “In addition, we have also agreed two sets of initiatives with Crown Fibre Holdings that assist us to deliver the UFB programme.”

Chorus’ committed bank facilities now comprise tranches of \$575 million maturing in July 2016 and \$675 million maturing in November 2017, supported by 10 banks. A \$250 million tranche maturing in May 2019 is supported by a subset of four banks.

Chorus’ debt of \$1.8 billion at 31 December comprised \$1,140 million in bank debt and \$677 million in European Medium Term Notes.

## **ENDS**

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